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Comparison of U.S. and Community Trade in Textile Products

There is a widely held belief in America that the U.S. market is the only market that is "free" and broadly open to textile imports, while the Community market is severely restricted. A look at a number of facts quickly refutes this assertion.

1. Trade Development

Growth of Imports. Between 1965 and 1969 Community textile and clothing imports grew by 47 per cent, as compared to 58 per cent for U.S. imports

Textile Imports 1965-1969 (in millions of dollars)

	Community			U. S. A.		
	Textiles	Clothing	Total	Textiles	Clothing	Total
1965	615	271	886	800	543	1,343
1966	645	327	972	908	608	1, 516
1967	564	277	841	808	649	1,457
1968	651	322	973	963	855	1,818
1969	821	484	1,305	1,019	1,106	2,125

In 1969 there was even an acceleration in the Community's import growth rate (from 16 per cent in 1968 to 34 per cent) while the U.S. rate declined (from 25 per cent to 17 per cent). Such developments would be inconceivable if the Community's market were highly protected.

Community imports of U.S. textiles ($140 million) have grown at nearly the same rate as Community textile exports to the United States. (Between 1965 and 1969 imports increased by 57 per cent while exports increased by 69 per cent.)

Trade Balance in Textile Products. The Community is a traditional net exporter of textiles, while the United States has for a long time been a net importer. However, the Community share of world textile exports is steadily decreasing. Its imports have grown twice as rapidly as its exports, and the surplus in its balance of trade in 1969 fell below 1967 and 1968 levels.

Community Textile Imports and Exports: 1965-1969

(in millions of dollars)

	Import	Export	Balance
1965	886	2,023	+ 1,137
1966	972	2,096	+ 1,124
1967	841	2,204	+ 1,363
1968	973	2,374	+ 1,401
1969	1,305	2,587	+ 1,282

Share of Imports in Consumption. While there are no Community statistics for the share imports occupy in consumption (except for cotton textiles*) estimates show that this share is certainly not lower in the Community than in the United States (8.5 per cent in 1969).

In fact, Community imports have risen, in 1969, to $1.3 billion and

* For cotton textiles, the import share of consumption in 1968 was 14 per cent in the Community and 12 per cent in 1969 for the United States.

U.S. imports to $2.1 billion. According to estimates of the U.N. Food and Agricultural Organization, per capita consumption of textile fibers (wool, cotton, linen, and artificial and synthetic fibers) is only 23.8 lbs in the Community, compared to 44.75 lbs in the United States (1967).

2. Frontier Protection

Customs Duties. Net customs duties are lower in the Community than in the United States.

Simple Arithmetic Mean of Customs Duties (in per cent)

	Community	U.S.A.
Fibers and waste	3.2	7.4
Spun	7.1	14.4
Cloth and the like	12.6	17.9
Ready-made articles	11.0	15.7
Clothing	11.6	22.6
Textiles	9.6	17.4

Source: GATT tariff study

Furthermore, the common external tariff of the Community is less dispersed than the U.S. tariff (type gap, 4.9 to 11.4) and only includes two tariff lines with duties higher than 20 per cent (jute), while 30 per cent of U.S. tariff lines are over 20 per cent, going up to 50 per cent. In the clothing sector, half of the U.S. tariff lines are subject to duties higher than 20 per cent (see annex).

Quotas. Aside from cotton textiles, which are regulated by the long term arrangement, quantitative restrictions remaining in the member states are far from being general. That is, they only apply to certain products and to certain areas of origin.

In most cases these restrictions apply only to Japan, certain developing countries, or certain Eastern countries. In the case of Hong Kong, Formosa, and South Korea, liberation has been complete in Italy and the Benelux countries, and the quota system is only partial in France and Germany.

Only four positions are subject to Community-wide quotas: two in man-made fibers (synthetic and regenerated), knitted or crocheted outer garments, andwomen's outer garments. Moreover, in Italy and the Benelux these restrictions only apply to Japan, and sometimes to other Eastern countries, and in 1968 Community imports of these four positions rose to $158 million, or 16 per cent of total textile imports.

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ANNEX

The U.S. and Community Textile Tariff Structure

Customs Level	T. D. C. Number of Lines	T. D. C. Imports mfn in millions of dollars	T. D. C. %	TARIFF U.S. Number of Lines	TARIFF U.S. Imports mnf in millions of dollars	TARIFF U.S. %
Exemptions	17	1,147	56	50	316	19
0,1 - 5%	27	96	5	73	44	3
5,1 - 10%	89	168	8	299	226	14
10,1 - 15%	72	269	13	300	184	11
15,1 - 20%	23	368	18	251	201	12
20,1 - 30%	2	3	-	274	382	23
30,1 - 50%	-	-		147	314	19
50,1 - 100%	-	-		17	2	-
Others (Eastern Countries)	-	-		-	5	-
TOTAL	230	2,051	100	1,412	1,670	100

Source: GATT tariff study

1. The U.S. tariff has been expressed in terms of the Brussels Nomenclature, and a large number of tariff positions have been counted several times. Therefore, the total number of lines is actually less.

2. Essentially raw materials and waste.